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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/07

SPONSOR Heaton LAST UPDATED \_\_\_\_\_ HB 44

SHORT TITLE Establish Higher Education Dept. Divisions SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI (see text for potential additional costs)		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Senate Bill 248

Relates to Appropriation in the General Appropriation Act for Higher Education Department, Policy Development and Institutional Financial Oversight program

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Endorsed by the Legislative Education Study Committee.

House Bill 44 creates the following divisions within the Higher Education Department:

- Administrative services division
- Planning and research division
- Financial aid division
- Public information and communications division
- Adult basic education division
- Information technology division
- Private and proprietary schools division
- Public schools liaison division

HB 44 also authorizes the Secretary to reorganize the department and its divisions and to transfer or merge functions between divisions and bureaus to focus on efficiency and economy.

Finally, the bill deletes existing statutory language that requires HED to submit a proposed plan for the statutory organization of the department during the second session of the 47<sup>th</sup> legislature.

**FISCAL IMPLICATIONS**

There is no appropriation included in this bill; however, this structure as well as the delegation of authority to the Secretary to reorganize the department could lead to additional division director positions, requiring associated funding for personal services and employee benefits. As of December 1, 2006, agency reports specified 7 individuals held the title of division director. This bill creates 8 divisions.

**SIGNIFICANT ISSUES**

DFA notes the authority for the HED Secretary to reorganize divisions without seeking prior legislative approval is the same as the authority granted to the Secretary of Public Education as specified in 9-24-4 NMSA 1978.

However, there are significant differences in the size of the work force within the respective agencies. The following compares the authorized FTE for each agency in the 2006 General Appropriation Act:

	<u>Higher Education Department</u>	<u>Public Education Department</u>
Permanent	28.5	205.2
Temporary		5.6
Term	5.5	100.0
<b>Total</b>	<b>34.0</b>	<b>310.8</b>

**PERFORMANCE IMPLICATIONS**

HED reports quarterly and annual performance information to LFC and DFA; the agency has had difficulty achieving targeted results; specific details are located in the LFC and executive budget recommendations.

**OTHER SUBSTANTIVE ISSUES**

DFA notes the authorizing statutes for the Higher Education Department specifies in Section 9-25-6 NMSA 1978 that division directors are exempt from the State Personnel Act. The statute also specifies in 9-25-7 NMSA 1978 that bureau chiefs and “all subsidiary employees of the department” shall be covered by the Personnel Act (10-9-1 NMSA 1978).

As such, this organizational structure and future changes by the Secretary may impact the proportion of exempt and classified employees within the agency.

**POSSIBLE QUESTIONS**

1. How does this organizational design maximize effectiveness and accountability?